

Politicians To Business Owners: Drop Dead

by PETER ST. ONGE | MISES.ORG | DECEMBER 4, 2014



Collectivists attack individual business owners

Senator Ted Stevens once explained that the Internet is a “series of tubes” and “not a big truck.”

Steven’s comments made me a little sad, since I worried we’d never again hear such idiocy from a senior government official. Had we reached peak stupid on Capitol Hill?

There was a ray of hope a few years back when Congressman Hank Johnson shared, in Committee, his fears that if too many people move to Guam it might “tip over and capsize.”

Johnson is a well-known fool, though, so I was cautious yet. Maybe we just got lucky. Maybe stupid really was over.

So imagine my sheer joy when another well-known DC fixture, one Hillary Clinton, addressed her considerable analytic talents to the question of job creation during 2014’s election cycle.

Speaking at a Boston rally, Clinton opined, “Don’t let anybody tell you it’s corporations and businesses create jobs. You know that old theory, ‘trickle-down economics’. That has been tried, that has failed. It has failed rather spectacularly.”

Strictly speaking, “trickle-down economics” is a specific type of economic policy identified with Reaganomics in the 1980s. But given the context of her speech, it’s clear that Clinton was using the phrase to invoke the broad leftist assertion that any fiscal policy that is relatively kind toward business growth and private wealth accumulation is somehow putting wage earners and other non-business owners at some kind of disadvantage.

Of course, the first response that comes to mind is Rothbard’s, “It is no crime to be ignorant of economics, which is, after all, a specialized discipline and one that most people consider to be a ‘dismal science’. But it is totally irresponsible to have a loud and vociferous opinion on economic subjects

while remaining in this state of ignorance.” While it’s tempting to merely dismiss Clinton as a raving lunatic, I think this kind of statement is not mere stupidity, as Messrs. Stevens and Johnson. Rather, I think Hillary was playing the crowd, pandering to a popular worldview on the left. Worse, I imagine the most educated among her audience — professors, journalists — might even agree the most. So it’s worth deconstructing exactly why this view is wrong.

Let’s start with what, exactly, is a “job”? A “job” happens when an organization hires you to perform services in return for compensation. It must be voluntary, or else we call it “slavery.” And it must be an organization, or else we call it “self-employment.” Which can be freelancing or beggary, but is not a “job.”

So what kinds of organizations make “jobs”? Who hires people to perform services in return for compensation, voluntarily performed and voluntarily funded? Well, we actually have a name for that: business. Whether for-profit or non-profit, businesses provide precisely 100 percent of all jobs that are not government jobs.

And there’s the rub: “not government jobs.” Hillary is expressing a worldview that sees two types of perfectly legitimate jobs in the world: private sector jobs (“business and corporations”) and government jobs. Both are perfectly legitimate, in this view. Separate but equal.

The problem is that government jobs are very different from “business” jobs. Government jobs are funded at gunpoint — do you pay your taxes voluntarily? They are often provided at gunpoint — try opening a competing Post Office in your hometown. Most important, government jobs are parasitic. The government wasn’t born with guns to point at anybody; it bought them with taxes. Seized from people with jobs. At businesses.

Indeed, without the parasitic taxes governments skim from businesses, Hillary Clinton wouldn’t be standing in a grand ballroom with a shiny limo, a helicopter, and armed guards in nice suits. Maybe she’d be running a podcast in her basement, hoping to snag listeners from Rachel Maddow. Or maybe she’d be back in Little Rock working long hours at the Rose Law Firm. Hillary owes it all to businesses and those jobs they create.

In the worldview Hillary voices, we can fleece business because government will be there to give us all jobs. That would, oddly enough, be the exact same government that gets all its resources from ... business. So we don’t need the host because the parasite will be there to pick up the slack. The host may die, but the parasite will always be with us.

Sears To Accelerate Closings

by KRYSTINA GUSTAFSON | [CNBC](#) | DECEMBER 4, 2014



Sears shares fell Thursday, after the struggling department store announced an adjusted net loss of \$296 million—in line with the updated guidance it gave in November.

The retailer also said it's accelerating the number of stores it plans to close this year, boosting its list from the 130 underperforming stores it announced in its second-quarter earnings release, to a total of 235 stores. Analysts called the move a step in the right direction for the company, which has been tapping into its real estate in creative ways to compensate for downward-spiraling sales. Still, they said the haircut won't be enough on its own to turn the tide at Sears, adding that it needs to close even more stores—and figure out how to become profitable.

"This is the primary problem remaining at Sears, as management needs to find a way to stop the over \$1 billion of negative cash flow that is undermining the positive repositioning moves," Credit Suisse analyst Gary Balter said. Although the store closings will no doubt help Sears trim its losses—CEO Eddie Lampert said they produced a loss of about \$50 million in 2013—Moody's analyst Scott Tuhy said those savings will only go so far for a company that's posting an adjusted loss closer to \$300 million. Its net loss was substantially greater for the third quarter, at \$548 million.

Belus Capital Advisors analyst Brian Sozzi said the retailer likely needs to close another 200-plus locations in 2015. As of Nov. 1, Sears had 1,050 Kmart locations in the U.S., and 781 domestic Sears stores. In its conference call, the retailer said that it owns about 700 of these locations.

Analysts have called out Sears' strong real estate portfolio as its greatest opportunity. Not only does it have the ability to sell off a number of these locations, but because it's held many of its leases for so many years, it has the flexibility to close many of its stores at a low cost, Tuhy said.

Last month, Sears said it is considering converting hundreds of its stores into a real estate investment trust (REIT) to boost its finances. If it were to go through with the plan, the retailer would own between 400 and 500 stores, and lease between 1,300 and 1,400 locations. It would continue to operate in the locations sold to the REIT, CFO Rob Schriesheim said. In October, Sears announced it would lease out space at seven of its locations to European retailer Primark, saying it will retain a "significant presence" at six of these locations. It has also leased out space to retailers such as Forever 21 and Whole Foods. "They are really becoming more focused on the real estate," Tuhy said.

Tuhy said Sears made some "positive steps" during the quarter, adding that after six quarters of its adjusted loss coming in negative compared with the prior year, it was essentially flat in the third quarter. Still, he emphasized that "one quarter does not a trend make."

Sozzi sounded a more sour note on Sears, saying "the soul of this report is really bad." Although the company said it expects its improving year-over-year adjusted earnings trend to continue in the fourth quarter, Sozzi said it was concerning that the retailer didn't offer up any sales figures for the holidays so far. On Tuesday, the company issued a brief statement on its Cyber Week shopping trends, saying mobile is experiencing "tremendous growth," and home appliances, tools, outerwear and consumer electronics are drumming up the most interest. According to Retail Metrics, Sears hasn't posted a quarterly profit since fourth quarter 2012.

Sears to accelerate closings, shutter 235 stores VIDEO BELOW

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